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SUBJECT: EAST JAVA: DECENTRALIZATION AND ACCOUNTABILITY

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11. (SBU) Summary: During a wide ranging lunch discussion with visiting DCM January 16, six Surabaya-based political observers -- representing the media, academia, NGOs, and religious communities -- offered their frank assessments of the successes and limitations of decentralization in East Java. While their opinions varied on many issues, they collectively agreed decentralization was crucial to Indonesia's democracy and stability. None could name East Java's representatives in the national parliament, commenting that their members of parliament made little effort to advance local interests at the national level. Performance ratings of individual East Javanese regencies were sparking competition among regents and offering communities the opportunity to reward strong performers. End Summary.

12. (SBU) On January 16, the visiting DCM engaged in a lively lunch-time discussion with six influential members of Surabayan society: Indra Nur Fauzi, Director of Regional Economic Development Institute; Syafiq Mughnie, Chairman of East Java Muhammadiyah; Prof. Kacung Maridjan, Professor of Social and Political Sciences at Airlangga University; Nany Wijaya, women's activist and Director of Jawa Pos Group; Sirikit Syah, women's activist and Director of Klub Guru (an education NGO); and Prof. Indrasurya B. Mochtar, Professor of Civil Engineering at the Surabaya Institute of Technology. The participants offered their frank assessments of developments in Indonesia, the limitations and successes of decentralization, and the influence of performance ratings on local regency elections.

Decentralization: Province versus Regency

13. (SBU) Asked for their opinions on the decentralization process, Prof. Kacung Maridjan and Indra Nur Fauzi, expressed the view that it was most important to bring decentralization to the levels closest to the people -- at the regency and city level rather than at the provincial level. They argued that the central government worried that decentralization to the provincial level would weaken government control and trigger separatist tendencies. Prof. Indrasurya B. Mochtar disagreed somewhat arguing that the government seemed focused on uniting the country through decentralization. He criticized the central government for being unwilling to give greater authority to the

regencies to address economic issues, noting that the central government limited local authorities' ability to spend money to improve local conditions. As an example, he stated that a regent cannot decide to build a much need power plant with local funds because only the state-owned power company (PLN) has the authority to build power plants.

¶4. (SBU) Prof Kacung added that decentralization also came with increased costs. Candidates for East Java's gubernatorial election in mid-2008 can expect to spend Rp 425 billion (USD 45 million). Sirikit Syah added that too often local officials seemed to believe that decentralization gave them the authority to spend money to support their own interests rather than working to improve services, strengthen education, or build communities. In one example, MPs from Batam's parliament are eager to travel to Surabaya for consultations at Airlangga University about human resource development, but unwilling to fund expert travel to Batam to train large numbers of local officials. Prof. Indrasurya suggested Indonesia would do better to offer microcredits for the development of small companies to promote business opportunities for the poor instead of giving money to the regencies where it would be wasted.

Competition Between Regencies Increasing

¶5. (SBU) Nany Wijaya explained the Jawa Pos Group's efforts to support decentralization by giving awards to those regencies and cities that perform well. The awards are given based on the results of surveys conducted by the Jawa Pos Institute of Pro Autonomy (JPIP) on performance in economic, education, and service sectors. All the guests agreed that the JPIP survey results were strong indicators of the local government's overall performance and public satisfaction. Notably, a number of regents who performed poorly in these surveys had lost recent reelection bids (reftel), although Nany stressed that there was not enough data to make a direct correlation between the ratings and the election results.

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¶6. (SBU) The participants noted that JPIP's research was sparking competition amongst East Java's regencies. Other surveys which compared regencies throughout Indonesia had less impact because what happened in West Java, for example, had little correlation to what was happening locally. When the performance of Kediri's regent was compared with the performance of neighboring Sidoarjo, the competition between regents could become quite intense because differences were obvious to both communities. JPIP intends to expand its survey activities into Central and West Java and East Kalimantan.

East Java's MPs? Who?

¶7. (SBU) The participants laughed when asked about the performance and influence of East Java's MPs in Jakarta. None of the guests could name a single MP from East Java or remember an occasion when any Jakarta-based MP had visited East Java to meet with constituents or discuss local issues. They agreed that governors and regents, who were directly elected by the voters, had much greater interest in meeting the needs of their constituents. MPs in the national DPR simply were accountable to national parties, not local communities. Prof. Kacung suggested that in 2014 well-respected governors from the regions, such as Gorontalo's Fadel Muhammad and Yogyakarta's Sultan Hamengkubuwono, could play influential roles in national politics.

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